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**FISCAL IMPACT STATEMENT**

**LS 6545**

**BILL NUMBER:** HB 1158

**NOTE PREPARED:** Dec 22, 2011

**BILL AMENDED:**

**SUBJECT:** Municipal Plates for Fire Protection Territories.

**FIRST AUTHOR:** Rep. Battles

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill adds fire protection territories to the list of governmental entities that are exempt from the payment of registration fees for vehicles owned or leased and used for official business by the governmental entity. The bill exempts fire protection territories from the payment of: (1) motor vehicle excise tax; (2) excise tax on recreational vehicles and truck campers; and (3) commercial vehicle excise tax; on vehicles owned or leased and used for official business by a fire protection territory.

**Effective Date:** July 1, 2012.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** The total number of fire protection territories that currently pay registration fees for vehicles used for official fire protection business is unknown. However, it is confirmed there are fire protection territories in the state that currently own or lease vehicles for official use and pay registration fees.

To the extent fire protection territories currently pay registration fees for vehicles used for official fire protection territory business, the Bureau of Motor Vehicles (BMV) would collect less revenue from the motor vehicle excise tax, the recreational vehicle/truck camper excise tax, and the commercial vehicle excise tax for those vehicles that are owned or leased by a fire protection territory and used for official business. Any decrease in revenue is unknown and will depend on the number of vehicles owned or leased for official fire protection district business.

Background Information:

The BMV reports that currently fire protection territories are required to pay vehicle registration fees.

**Commercial Vehicle Excise Tax (CVET):** The CVET tax rate is annually determined by dividing the predetermined base revenue amount by the total commercial vehicle registration fees received in the previous fiscal year. The resulting factor is applied to the current statutory registration fees to determine the CVET amount. Revenue collected from the CVET is distributed to local civil taxing units and school corporations; however, a portion is retained by the state. For CY 2011, the CVET received \$60.2 M in revenue statewide, of which the state retained \$17.9 M.

**Motor Vehicle Excise Tax (MVET):** The MVET tax rate is based on a rate schedule that calculates the tax rate based on the factory-advertised delivered price and the age of the vehicle. Revenue collected from the MVET is allocated to the taxing district in which the registrant resides. A portion of the revenue is retained by the state. A \$1.15 service charge per vehicle is retained and deposited in the state License Branch Fund. For CY 2009, the total MVET collected in the state equaled \$662.8 M, with \$236.4 M being retained by the state.

**Recreational Vehicle and Truck Camper Excise Tax:** The RV and Truck Camper Excise Tax rate is based on a rate schedule that calculates the tax rate based on the factory-advertised delivered price and the age of the vehicle. The revenue is distributed to the local taxing unit where the registrant resides.

**Summary of NET Local Impact:** This bill may decrease expenditures of local fire protection territories to the extent they currently pay registration fees for vehicles used for official business. However, the bill may also decrease revenue local taxing units receive from the CVET, MVET, and Recreational Vehicles and Truck Camper Excise Tax. Because the state retains a portion of the amounts paid for CVET and MVET, to the extent local fire protection territories no longer have to pay these excise taxes, this bill may increase the net revenue available for local units.

**Explanation of Local Expenditures:** This bill may also result in cost savings for fire protection territories by exempting them from paying vehicle registration fees.

**Explanation of Local Revenues:** This bill may decrease revenue received by local taxing units per year.

**State Agencies Affected:** BMV.

**Local Agencies Affected:** Local units of government that operate fire protection territories.

**Information Sources:** Elizabeth Murphy, BMV; *Indiana Handbook of Taxes, Revenues, and Appropriations*.

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